

Message Text

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APPROVED BY D - AMBASSADOR INGERSOLL

EA/ANP-MR.MOSER (DRAFT)

EA - MR SNEIDER

S/S -O:P.JOHNSON

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FM SECSTATE WASHDC

TO AMEMBASSY CANBERRA

INFO AMCONSUL MELBOURNE

C O N F I D E N T I A L STATE 166138

E.O. 11652: GDS

TAGS: PINT, PFOR, AS

SUBJECT: ROBERT HAWKE CALL ON ACTING SECRETARY INGERSOLL

1.AUSTRALIANLABOR PARTY LEADER ROBERT HAWKE CALLED ON ACTING SECRETARY INGERSOLL JULY 26 FOR DISCUSSION FOCUSED ON US-AUSTRALIAN RELATIONS AND ON AUSTRALIAN POLITICS AS INFLUENCED BY CURRENT ECONOMIC SITUATION. FOLLOWING ARE HIGHLIGHTS OF MEMCON WHICH WILL BE POUCHED.

2. HAWKE FELT US-AUSTRALIAN RELATIONS WERE NOW ON SOUNDER AND MORE MATURE LONG-TERM BASIS THAN BEFORE LABOR GOVERNMENT TOOK POWER DESPITE SOME TENSIONS DURING LAST FEW YEARS. REFERRING TO HIS DEFENSE OF AMBASSADOR GREEN AFTER ATTACK BY LABOR PARTY SENATOR BROWN, HAWKE SAID HE HAD HIGH PERSONAL OPINION OF AMBASSADOR AND ADDED THAT ATTACK MAY HAVE BEEN GOOD THING SINCE BROWN'S POSITION WAS SHOWN TO HAVE NO SUPPORT.

3. ON AUSTRALIAN INTERNAL SITUATION, HAWKE OPPOSED ANTI-INFLATIONARY PROPOSALS EMANATING FROM TREASURY AND VOICED
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OPINION THAT, IF ACCEPTED, THEY COULD RAISE UNEMPLOYMENT

TO BETWEEN TWO AND THREE PERCENT WHICH HAWKE FELT MIGHT
RESULT IN NEW ELECTIONS WITHIN A YEAR. NOTING THAT
TREASURY HAD PROPOSED A 25 PERCENT SALES TAX ON MOTOR
VEHICLES, HAWKE OPPOSED THIS ON THE GROUNDS THAT IT
WOULD RESULT IN UNEMPLOYMENT NOT ONLY IN AUTOMOTIVE

INDUSTRY BUT IN SEVERAL RELATED INDUSTRIES. HAWKE SAID
HE WOULD OPPOSE MEASURE EARNESTLY AS SOON AS HE RETURNED
EARLY THIS WEEK. IN VIEW OF AUSTRALIAN HISTORY OF
VIRTUAL FULL EMPLOYMENT FOR LAST 34 YEARS, HAWKE FELT
THAT UNEMPLOYMENT RATE OF EVEN TWO OR THREE PERCENT
COULD PROVE POLITICALLY DISASTROUS. (IN LATER CONVERSA-
TION AT AFL/CIO WITH MEANY, HAWKE SAID TREASURY OFFICIALS
WERE ALSO CONSIDERING ANTI-INFLATIONARY MEASURES IN
CONSTRUCTION INDUSTRY)

4. HAWKE SPOKE FAVORABLY OF WHITLAM'S OVERALL PERFORMANCE
AS PRIME MINISTER WHICH HE ATTRIBUTED PRIMARILY TO
WHITLAM'S PENCHANT FOR HARD WORK. HE THOUGHT WHITLAM
HAD OVER-EMPHASIZED FOREIGN AFFAIRS RELATIVE TO INTER-
NAL ECONOMIC ISSUES AND FELT HE SHOULD NOT HAVE TAKEN ON
FOREIGNMINISTRY PORTFOLIO OR, RATHER, HAVE TAKEN IT FOR ONLY SIX MONTHS
AND THEN PUT IT ASIDE. WHITLAM KNEW
NOTHING OF ECONOMIC QUESTIONS BUT HIS SAVING GRACE WAS
THAT HE READILY ACKNOWLEDGED THIS FACT AND LEFT ECONOMICS
TO OTHERS.

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